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LYLE H. STANDISH
CHAIRMAN

State of Montana
BOARD OF HAIL INSURANCE
134, 135 CAPITOL BUILDING
HELENA, MONTANA

STATE DOCUMENTS
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STATE TREASURER

December 1, 1967

Honorable Tim Babcock, Governor
Capitol Building
Helena, Montana

Dear Governor Babcock:

Preliminary Report of the 1967 Operations
of the State Hail Insurance Department

In compliance with Section 82-1519 of the Montana Codes and pertaining to the Hail Insurance law, I am giving you a report on the main points of the 1967 hail insurance experience.

The year 1967 was a good year for all companies selling Crop-Hail Insurance. Following a cycle of heavy losses starting with 1961 when the assets of the Hail Board were close to \$2,000,000.00 and ending in 1965 with the assets much below the legal limit of \$1,200,000.00, 1966 and 1967 have shown a profit. The State Department this year sold \$7,598,826.39 Risk which is about average for the past 10 years. This year's loss ratio was 1.8% which is the lowest loss ratio of all years for this volume of Business. Drouth conditions on the High Line in Northern Montana caused a drop in the sale of Hail Insurance as a whole this year but the absence of heavy hail loss enabled Montana to produce a banner crop. This report is subject to some small changes but none of the figures will be changed materially. The annual "Report to the Grain Growers" will be final but will not be ready until February of 1968. I am giving you the following details which are most important of the 1967 operation.

BUSINESS SUMMARY FOR 1967

Total Risk Written	\$7,598,826.39
Premium Charge	\$ 668,902.51
Losses Paid	\$ 140,143.98
Policies Issued	2234
Acres Insured	688,976.41
Average Acres Insured Per Policy	308.4
Acres Reported Damaged	35,517.25
Losses Filed	153
Days with Hail	25
Loss Ratio	1.8%
Average Cost Per \$1,000.00 of Protection	\$ 88.20
Average Rate Charged (All Crops)	8.8%

TOTAL ACRES INSURED—1967

Winter Wheat	403,473.23
Spring Wheat	199,943.00
Barley	79,070.98
Oats	3,912.20
Rye	40.00
Sanfoin	700.00
Safflower	278.00
Flax	206.00
Alfalfa	345.00
Beets	330.00
Beans	126.00
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	688,976.41

LOSSES BY KIND OF GRAIN—1967

Winter Wheat	\$ 81,829.27
Spring Wheat	25,936.25
Barley	31,003.62
Oats	1,374.84
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	\$140,143.98

TOTAL RISK BY KINDS OF GRAIN—1967

Winter Wheat	\$4,562,612.30
Spring Wheat	2,169,987.20
Barley	779,041.06
Oats	43,782.40
Rye	400.00
Safflower	3,336.00
Flax	2,472.00
Alfalfa	4,140.00
Beans	1,044.00
Beets	10,555.43
Spelt	3,792.00
Sanfoin	17,232.00
Peas	432.00
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	\$7,598,826.39

HAIL STORMS FOR 1967—The first reported losses occurred on June 2nd and were confined mostly to Powder River County. The losses were few and scattered until June 21st when Fergus County was hit by one of the two wide spread storms. Some of the losses from this storm were quite severe. Light hail damage was reported from over the State for the remainder of the season with the exception of probably the most severe hailstorm of the season on August 6th in northern Glacier, Toole and Liberty Counties. The last report of hail loss was the 21st of August.

INVESTMENTS AND EARNINGS OF THE HAIL INSURANCE FUND

Amount		Interest Rate	Maturity Date	Interest Received
\$ 400,000.00	FLB Bonds	5-7/8%	December 20, 1967	\$23,500.00
450,000.00	FLB Bonds	5-3/8%	July 20, 1967	24,187.50
350,000.00	U.S. Treas. Bills		February 1, 1968	6,481.56
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\$1,200,000.00				\$54,169.06

\$450,000.00 Federal Land Bank Bond due September 20, 1966 yielding 4.55% interest was exchanged on the due date for a Federal Land Bank Bond for \$450,000.00 yielding 5-3/8% and due July 20, 1976.

\$350,000.00 was invested July 31, 1967 in U. S. Treasury notes to mature February 1, 1968. The yield is \$6,481.56. This action was taken in the hopes of obtaining a better interest rate next February.

In compliance with Section 82-1511 of the Montana Codes the Board has approved payment of one per cent (1%) of the gross annual levies made and collected in the Counties to the County Treasurer and two per cent (2%) of the gross annual levies made and collected in the State to the State Treasurer.

APPROXIMATE PAYMENTS FOR 1967

To the Several Counties.....	\$ 6,689.02
To the State of Montana.....	13,378.04
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	\$20,067.06

Adjustment of losses did not present any problems owing to the low number of losses and an efficient adjusting staff. All members of the staff have had a number of years experience with the exception of one trainee. The reporting of loss by the policy holders showed much improvement and late reporting was the exception this year.

County Assessors and Treasurers did an exceptionally good job at the County level in writing the insurance and assisting the policy holders with their problems. The teamwork displayed by all units of this operation is greatly appreciated.

Respectfully submitted for the State Board of Hail Insurance.

Sincerely yours,
Lyle H. Standish, Chairman

49 YEAR SUMMARY

Total Risk Written	\$178,809,054.39
Premium Charge	\$ 14,949,744.08
Losses Paid	\$ 11,812,259.69
Policies Issued	90,163
Total Acres Insured	18,000,566
Loss Ratio	6.6%
Average Acres Per Policy	199.64
Average Cost Per \$1,000 Protection.....	\$ 82.30
Number of Losses Paid	19,384

DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIOS

County	1967 Risk	1967 Levy	1967 Losses	1967 Loss Ratio	49 Year Loss Ratio
Big Horn	\$ 370,955.60	\$ 38,309.30	\$ 6,468.55	2	7
Blaine	158,494.00	16,212.50	150.72		9
Broadwater	25,426.00	1,660.16			4
Carter	15,646.00	1,580.98			9
Cascade	19,068.00	1,312.58			3
Chouteau	598,418.42	42,542.06	477.29		7
Custer	2,448.00	255.00			6
Daniels	224,361.00	17,942.95	3,827.52	2	5
Dawson	255,918.87	25,565.85	52.80		10
Fallon	290,612.00	29,016.09			10
Fergus	490,805.00	44,161.81	54,961.49	11	6
Gallatin	1,100.00	95.04			7
Garfield	89,725.16	8,094.68	1,212.21	1	8
Glacier	87,670.00	6,291.13	9,619.02	1	5
Golden Valley	77,150.00	7,658.59	907.53	1	8
Hill	385,899.00	31,054.70			5
Judith Basin	394,005.35	35,205.29	2,327.00		6
Lewis & Clark	1,596.00	95.76			6
Liberty	595,211.00	48,131.08	1,886.85		5
McCone	927,734.00	92,524.07	635.18		8
Musselshell	4,140.00	538.20			12
Petroleum	4,704.00	376.32	34.95		5
Phillips	122,783.00	10,326.74	4,903.27	4	6
Pondera	203,825.00	13,270.94			5
Powder River	162,437.00	16,153.79	8,965.51	4	9
Prairie	129,396.00	12,516.88	840.00		9
Richland	642,597.29	64,372.79	12,886.64	2	7
Roosevelt	179,058.00	14,037.44	8,864.82	5	4
Rosebud	3,231.60	284.79	657.00	20	7
Sheridan	341,899.00	27,185.20	645.36		4
Stillwater	71,186.00	6,237.18	2,239.77	3	7
Teton	382,000.10	17,308.80			5
Toole	312,908.00	26,146.88	16,575.40	5	6
Treasure	9,232.00	909.56	175.68	2	12
Valley	60,280.00	6,018.00			8
Wheatland	16,238.00	1,620.00	305.40	1	8
Wibaux	13,406.00	1,194.66			7
Yellowstone	26,262.00	2,579.52	524.02	2	6
	<u>\$7,598,826.39</u>	<u>\$668,787.31</u>	<u>\$140,143.98</u>	<u>1.8%</u>	<u>6.6%</u>